

# Clearing Sagebrush and Creating Opportunities

Governor Jon Huntsman Jr.'s  
Economic Vision for Utah

By Kimball Thomson | Photography by Tyler Gourley

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**Governor Jon Huntsman Jr.**

**JON HUNTSMAN JR., UTAH'S NEW GOVERNOR**, has a powerful belief in the primacy of economic development in the state's future. His primary gubernatorial campaign platform was economic revitalization, and since the first days of his administration he has honored his pledge to dedicate at least one full week of every month to issues of business and economic development.

"The central theme of our administration is and will remain economic development," says Huntsman. "We need to make it abundantly clear that we are serious about economic development. In the end, this will be what pays the bills for our present and future and provides the greatest opportunities for our people and our companies."

#### **THE IMPERATIVE: ENHANCE OPPORTUNITY AND QUALITY OF LIFE**

"Governor Huntsman recognized with great clarity that a comprehensive economic development strategy is a necessity for the state of Utah," says Fraser Bullock, managing director at Sorenson Capital. Bullock, former COO and CEO of the Salt Lake Organizing Committee for the 2002 Winter Olympic Games, has worked closely with the Huntsman administration to establish the Governor's economic development strategy.

"Very early on, Governor Huntsman made it clear that the foundation for his platform was built squarely on economic development," adds Bullock, who believes that the economic development engine fuels all the other engines that need to be funded in Utah. "Our schools—both K through 12 and higher education—depend more on economic development for their funding than on any other factor, as do all of the other necessary engines for the state."

Huntsman is adamant about reversing a long-term slide in the economic fortunes for Utah workers, families and companies. According to U.S. Census Bureau, the average wage for Utahns as a percentage of the national average has declined from more than 96 percent in 1981 to about 81 percent in 2004.

"The societal impact of this slide on families is that many struggle economically, and many families are forced to have both parents working outside the home," says Bullock. "The Governor was not content with this status quo. One of the things I most appreciate about his vision is that he wants to take us to a new level of economic performance. In my view, this is what will enable Utah to move to the next level financially—our state programs, our families and our companies."

#### **THE GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT**

In accordance with his belief in the centrality of effective economic development for ensuring Utah's economic future, Huntsman in early 2005 decided to move the function of economic development policy under his own purview, and to

divide the former State of Utah Department of Community and Economic Development into two separate departments: the Department of Community and Culture and the new Governor's Office of Economic Development (GOED).

"The governor needs to be the economic czar," Huntsman explains. "I strongly believe that the governor also has to lead the charge from a marketing and selling standpoint. The message going out on economic revitalization and economic positioning in the world needs to be articulated by the governor, not just by a director or cabinet member, however important those functions may be."

#### **HUNTSMAN'S ECONOMIC DEVELOPMENT PHILOSOPHY AND VISION**

The Huntsman administration's approach and initiatives will never be mistaken for any of Lyndon Johnson's Great Society social engineering schemes. "We are not proposing any major top-down government initiatives that get in the way of our private industry's ability to drive Utah's economic development," says Chris Roybal, Huntsman's senior economic advisor. "We are fully aware that it is business rather than government that creates jobs and economic growth."

At the same time, Huntsman is a firm believer in the contribution of business-friendly government to economic development. He has seen the positive role that innovative legislation and government programs have played in fostering economic growth in rural Utah, and in helping raise the state to world leadership in the industrial banking (industrial loan company, or ILC) industry.

"I am convinced that government can and must be a catalyst in building momentum for our companies and our economy," says Huntsman. "It can help improve the business climate and regulatory environment in our state, and help increase awareness both within and outside Utah of what the state has to offer consumers and businesses alike."

#### **CLEARING SAGEBRUSH**

Huntsman adds, "I believe good economic development policy and programs are designed to clear the sagebrush away from the private sector, rather than interfering with their efforts or trying, fruitlessly, to substitute government for business. They help identify and remove the key impediments to doing business—then let the private sector create jobs and the other things it does so well."

Huntsman vows to continually work with business leaders to identify the key obstacles to business expansion in the state. "Then we will work to remove them, one at a time," he says. In this pursuit, he plans to draw upon his service as chairman of the U.S.-Japan Regulatory Commission under President George W. Bush: "If we could see our way through to eradicating impediments with the two largest economies on the planet, we can certainly do it here in Utah."



Huntsman believes the most noxious impediments that need to be cleared away from business involve tax reform and regulatory environment. "Tax reform and a business-friendly regulatory environment, more than anything else, set the standard for your competitive environment," he says. "We've got a lot of work to do in both of these areas."

#### THE PROCESS: DEVELOPING UTAH'S ECONOMIC DEVELOPMENT PLAN

Consistent with his reverence for the private sector, Huntsman reached out early to leaders in Utah's business community to help him refine and establish his economic development agenda.

"I am one of many business executives in the state who greatly appreciate the process the Huntsman administration followed in developing its economic development plan—headed by the Governor and ably executed by his team," says Bullock.

In addition to Roybal, Huntsman's core economic development leadership team includes: Jason Perry, director of GOED; Martin Frey, managing director of economic development for GOED; and Leigh von der Esch, director of the Utah Office of Tourism.

The Huntsman administration started by benchmarking successful economic developments from other states and other countries, and evaluating what programs might be applicable to Utah. After gathering and consolidating this information, the team then turned to the business and education communities to obtain input. "We reached out to get the best ideas we could from many of our most effective leaders in business and higher education," says Frey. "Then we brought it together into a unified strategy that complemented the Governor's vision and the benchmarking we'd done."

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#### Martin Frey

managing director of economic development,  
Governor's Office of Economic Development



#### AREAS OF FOCUS

According to Frey, "What we have developed is an integrated economic development strategy focused on six foundational pillars." These components include:

**1. University- and industry-based research.** "We want to do all we can to assist innovative researchers at Utah institutions of higher learning and in industry be successful in obtaining grants, including a variety of federal matching grants," says Frey.

**2. Technology commercialization.** "Utah is a powerhouse of creative, pioneering research," says Frey. "There are absolutely tremendous untapped opportunities for turning the ideas and research coming out of our universities into products and services that can achieve success in the marketplace."

**3. Access to capital.** "We are committed to helping facilitate improved access to multiple sources of angel funding and venture capital for our entrepreneurs and growth companies," says Frey. "This will include enhancing Utah's Fund of Funds program and other formal and informal means."

**4. Access to support infrastructure and other key business enablers.** "Many of our small businesses—in rural Utah as much as in the main population centers—will derive significant benefit in building and growing their organizations by learning how to effectively leverage business enablers," says Frey. These enablers include lean manufacturing through the Manufacturing Extension Partnership (MEP), Internet marketing, international business support through GOED's international program, the state's new Business Link Web portal, and innovative public-private entrepreneurial development programs designed to enhance the growth and success rate of Utah companies.

**5. Access to talent.** "To achieve our great economic potential, Utah organizations will need to improve their ability to develop, attract and retain management talent at all levels," says Frey.

**6. Government support.** "We won't generally be leading the economic development charge, but government plays a key role in successful regional economies by developing a business-friendly legislative and regulatory environment in which our companies and economy can thrive and by acting as a catalyst to focus people, ideas and resources on our greatest opportunities for success," says Frey.

#### THE ECONOMIC POWER OF TOURISM AND FILM

The Huntsman Administration is also strongly focused on tourism as a driver of economic development for Utah.

"Tourism is a high-velocity economic development engine for Utah," says von der Esch. "We are excited about the amount of tax relief per household that tourism dollars bring to the state—currently about \$464 per household. If we boost that to \$600 per household, it will have a great impact on the quality of education, roads and other crucial services."

"The Utah brand and how we market the state will be one of the most visible parts of Governor Huntsman's legacy," adds Mike Deaver, deputy director of the Utah Office of Tourism, who oversees marketing and advertising.

Huntsman is acutely aware of the potential far-reaching economic impact of tourism. "So much of what the rest of the country and the world see and feel about Utah come from the tourism advertising and the tourist experience they have here," says Huntsman. "It is essential that we get the message out about the experiences available here that can be found nowhere else. So often the tourist experience people have here leads to permanent relocation."

Utah's tourist experience highlights a powerful intangible draw for visitors—the state's quality of life. "The breadth and depth of Utah's tourist offering showcases our extraordinary quality of life, which is becoming an increasingly important business recruitment tool," says Tracie Cayford,



deputy director of the Utah Office of Tourism, who oversees operations and publications.

"Utah is unmatched in the outdoor beauty and recreation we are able to experience here," adds von der Esch. "We also have an extraordinary arts and cultural offering and heritage for residents and visitors to the state. Everything is here." Utah is also home to exceptional destination events, including the Sundance Film Festival and the Tony-award winning Utah Shakespearean Festival. (See also the articles on Utah arts & culture, film and recreation in this issue.)

The Office of Tourism also directs another highly visible source of economic growth for the state—the Utah Film Commission. "Of course, Utah is legendary for its distinctive and diverse scenic beauty, which draws film producers and directors from around the world because it allows so many different types of stories to be effectively shot here," says Aaron Syrett, executive director of the Utah Film Commission. "But the state is also becoming increasingly known for the quality of its talent in all aspects of film production—from gaffers to actors. Film makers are finding they need to bring fewer and fewer people with them when they come to Utah, making it even more cost-effective for them to make movies here."

Syrett adds that since the Utah legislature passed legislation for a motion picture incentive fund in 2005, spending has increased 52 percent, production days have increased by 48 percent and more than 4,100 jobs have been created. "This is definitely a growth industry in Utah," says Syrett, who estimates that the state has seen a 13-to-1 return on its incentive investment.

#### UTAH IN THE GLOBAL ECONOMY

The Huntsman economic development plan also incorporates a strong international component.

Huntsman himself draws from extensive experience at the nexus of international business and government. He was deputy assistant secretary of commerce for the Trade Development Bureau in the Reagan Administration, and has served as U.S. trade ambassador, U.S. ambassador to Singapore and U.S. assistant secretary of commerce. He is also the only governor in the nation able to negotiate with dignitaries from Shanghai and Peking in the Mandarin tongue.

"Fortunately, the countries and regions that are on the ascent that we really need to partner up with—China, India, Taiwan, North and South Korea—are the ones I know very well. I know their cultures, and in some cases, even their languages," says Huntsman.

#### INDUSTRY REACTIONS

The Huntsman economic development strategy has generated considerable enthusiasm among leaders in Utah's private sector. According to Dinesh Patel, managing director of vSpring Capital and a prominent serial life sciences entrepreneur, "In my experience and the relevant research I've seen, there are five fundamental components that need to be in place in order for a region to build sustainable long-term economic success. You need universities that perform ongoing R&D and technology commercialization; local business success stories; plentiful human and investment capital; and progressive government support. I believe that the Huntsman economic development plan addresses all of these, and puts the state in a position to succeed."

Bullock adds, "The strategy we have in place for Utah's economic growth today is extremely sound. It's multi-dimensional. It addresses human and capital resource needs and approaches economic opportunities in a highly strategic fashion, focusing on a few areas in which the state can be world class and create long term, high paying jobs."

While Frey acknowledges that the Huntsman Administration's economic development plan is still a work in progress, he is encouraged by the plan's progress and trajectory. "The people and programs are coming together in very positive ways," he says. "There is a lot of energy around this effort and a groundswell of new opportunities and businesses. It's a very exciting thing to watch and to be a part of."

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**Leigh von der Esch**  
managing director,  
Utah Office of Tourism



#### USTAR: Leveraging Utah's Research Powerhouse Universities

Utah's leading research universities, the University of Utah, Utah State University and Brigham Young University, are powerful economic engines for the state of Utah. In the past 20 years, more than 180 companies have been launched to commercialize technologies from these institutions of higher learning, and more than 120 continue to operate in Utah, including such dynamic, innovative companies as Evans & Sutherland, Hyclone Laboratories, Myriad Genetics, NPS Pharmaceuticals and Sorenson Communications. Brigham Young and the University of Utah are consistently ranked among the nation's leading universities in terms of technology commercialization per dollar spent.

In the 2006 legislative session, several prominent Utah organizations dedicated to industry-driven economic development—the Salt Lake Chamber, the Utah Information Technology Association (UITA), Utah Life Science Association (ULSA) and the Economic Development Corporation of Utah (EDCU)—joined forces to encourage passage of what may become one of the most significant pieces of economic development legislation in the state's history. (UITA and ULSA have since merged to become the Utah Technology Council (UTC).)

USTAR is designed to foster long-term economic development in Utah by investing in the capacity of the Utah's leading research universities to develop and commercialize technologies that will lead to the establishment of successful companies and high-paying jobs. USTAR seeks to:

- Provide funding to attract and retain top research scientists and technology developers for Utah's institutions of higher learning, in areas of strategic importance
- Facilitate support for commercializing the technologies developed at Utah's research institutions, including assistance with intellectual property protection, business plan development, product prototyping and beta testing, finance, and marketing
- Embrace and leverage the state's innovative Centers of Excellence program, which assists in the funding and transfer of technologies to the marketplace, as a key vehicle for technology development and commercialization
- Invest in Utah's future by achieving solid economic growth in industry sectors where Utah excels, with long-term sustainable results

The Huntsman administration and Utah's State Legislature are currently evaluating optimal ways to establish and fund the program. "Our research universities clearly drive the train for economic development and quality jobs, and we need to support their efforts," says Huntsman.